

CHAPTER 11

REQUIRED SUPPLEMENTARY STEWARDSHIP REPORTING1101 GENERAL110101. Purpose.

A. All stewardship information was deemed “required supplemental stewardship information” (RSSI) by the Federal Accounting Standards Advisory Board (FASAB), and all federal agencies are required to report RSSI. This reporting requirement is predicated on stewardship over certain resources entrusted to federal agencies and the responsibilities assumed by that stewardship. The need to report information in this manner arises because of the unique nature of the Federal Government.

B. This chapter provides the Department of Defense (DoD) guidance and instructions for preparing the RSSI.

110102. Stewardship Categories. There are three categories of RSSI (Stewardship Property, Plant, and Equipment; Stewardship Investments; and Stewardship Responsibilities). The DoD shall report RSSI for the categories of Stewardship Property, Plant, and Equipment and Stewardship Investments. The DoD is not required to report RSSI for Stewardship Responsibilities. For DoD, the two applicable categories of RSSI and their subcategories follow:

A. Stewardship Property, Plant, and Equipment (PP&E). Stewardship PP&E (also referred to as Stewardship Assets) is PP&E owned by the DoD and meets the definition of one the following:

1. National Defense PP&E. National Defense PP&E is the property, plant, and equipment components of weapon systems and support PP&E used by the Military Departments in the performance of military missions.

2. Heritage Assets. Heritage Assets are property, plant, and equipment of historical, natural, cultural, educational, or artistic significance.

3. Stewardship Land. Stewardship Land is land other than that acquired for, or in connection with, General PP&E.

B. Stewardship Investments. Stewardship Investments are expenses in calculating net cost that merit special treatment to highlight their substantial investment and long-term benefit nature. There are three subcategories of Stewardship Investment (Nonfederal Physical Property, Research and Development, and Human Capital). The DoD is only required to report investments in Nonfederal Physical Property. The other two subcategories are not applicable to the DoD.

1. Nonfederal Physical Property. Nonfederal Physical Property are expenses incurred by the DoD for the purchase, construction, or major renovation of physical

property owned by state and local governments, including major additions, alterations, and replacements; the purchase of major equipment; and the purchase or improvement of other physical assets.

1102 NATIONAL DEFENSE PROPERTY, PLANT AND EQUIPMENT.

110201. General. The Military Departments shall disclose in a Supplemental Stewardship Report information pertaining to their for National Defense PP&E. A report (Figure 11-1), titled "National Defense Property, Plant, and Equipment," shall be used to disclose the quantities, additions, and deletions of major types of National Defense PP&E, and a report (Figure 11-2), titled "National Defense Property, Plant, and Equipment - Yearly Investment," shall be used to disclose the annual acquisition costs of National Defense PP&E. Specific guidance for the preparation of each report follows.

110202. National Defense Property, Plant, and Equipment - Quantities Report. The DoD Components shall report the quantities of major types of National Defense PP&E in their inventories regardless of operational condition. The report format is shown in Figure 11-1.

A. Specific guidance for preparing the report follows.

1. Column (a). Only the categories and major types of National Defense PP&E shown in Figure 11-1 shall be used. Do not use a category or major type not shown. If a category or major type is not applicable to a Military Department, it shall not be displayed in the report (i.e., Ships by the Department of the Air Force).

2. Column (b). Report the quantity of National Defense PP&E for each major type identified in Column (a), as of the close of the prior year (or as of the beginning of the reporting year).

3. Column (c). Report the net increase or decrease in the quantity of National Defense PP&E for each major type identified Column (a). A net decrease shall be shown parenthetically. Significant increases and decreases in the quantities of National Defense PP&E shall be addressed in the narrative statement to the table.

4. Column (d). Report the year-end balance of National Defense PP&E for each major type identified in Column (a). The amounts in this Column (d) shall equal the amounts in Column (b) plus or minus, as appropriate, the amounts in Column (c).

B. Narrative Statement. The report shall include a narrative statement that provides the following:

1. Information pertaining to significant increases or decreases in the quantities of National Defense PP&E, as shown in Column (c). The information should identify or describe significant procurements, excess disposals, sales, transfers, accidental crashes, losses during military conflicts, etc.

2. Information pertaining to the condition of the National Defense PP&E.

3. The narrative statement shall include a reference to the National Defense PP&E deferred maintenance disclosure in Note 17 to the Statement of Net Cost.

NATIONAL DEFENSE PROPERTY, PLANT, AND EQUIPMENT For Fiscal Year Ended September 30, 19CY (Stated in Number of Systems or Items)			
(a)	(b) As Of <u>10/01/CY</u>	(c) <u>Additions/(Deletions)</u>	(d) As Of <u>09/30/CY</u>
<u>Categories/Major Types</u>			
1. Aircraft			
A. Combat			
B. Airlift			
C. Other Aircraft			
2. Ships			
A. Submarines			
B. Aircraft Carriers			
C. Surface Combatants			
D. Amphibious Warfare Ships			
E. Mine Warfare Ships			
F. Support Ships			
G. Other Ships			
3. Missiles			
A. Ballistic Missiles			
B. Other Missiles			
4. Combat Vehicles			
A. Tanks			
B. Other Tracked Combat Vehicles			
C. Other Combat Vehicles			
5. Space Systems			
A. Satellites			
6. Other Weapon Systems			
A. Torpedoes			
B. Other Weapons			
<u>Narrative Statement.</u>			

Figure 11-1

110203. National Defense Property, Plant, and Equipment - Yearly Investment Report. The Military Departments shall report their annual acquisition costs for National Defense PP&E assets. Annual acquisition costs disclosed in this report shall be derived from the amounts in Column (G), Gross Disbursements, reflected in DD-COMP(M) 1002 Report, "Appropriation Status by Fiscal Year Program and Subaccounts." Column (G), Gross Disbursements, from all appropriation years shall be added by the appropriate line items which correlate to major types of National Defense PP&E in the National Defense PP&E – Yearly Investment Report. The National Defense PP&E – Yearly Investment Report format is shown in Figure 11-2.

A. Specific guidance for preparing the report follows.

1. Column (a). Only the categories and major types of National Defense PP&E shown in Figure 11-1 shall be used. Do not use a major type not shown. If a category and major type is not applicable to a Military Department or there are no acquisition costs for the reporting years, it should not be displayed in the report (i.e., Ships by the Department of the Air Force).

2. Columns (b), (c), (d), (e), and (f). Report acquisition cost amounts, rounded to millions of dollars, by the major types of National Defense PP&E in Column (a) for each year. Such amounts shall be obtained from the sum of all appropriation years amounts in Column (G), Gross Disbursements, of the fiscal year-end DD-COMP(M) 1002 Report, "Appropriation Status by Fiscal Year Program and Subaccounts." Column (f) is the cost for the reporting year (the current year - CY). Column (e) is the year prior to the reporting year (CY-1). Column (d) is two years prior to the reporting year (CY-2). This logic continues for Columns (c) and (b), CY-3 and CY-4.

3. Report Footnotes. The report shall contain two footnotes to provide examples of the National Defense PP&E reflected in the subcategories of Mission Support PP&E and Weapon Systems Support Real Property. Footnote examples are provided in Figure 11-2.

NATIONAL DEFENSE PROPERTY, PLANT, AND EQUIPMENT YEARLY INVESTMENTS For FY 19CY and 4 Preceding Fiscal Years (In Millions of Dollars)					
(a) <u>Categories/Major Types</u>	(b) <u>FY 19CY-4</u>	(c) <u>FY 19CY-3</u>	(d) <u>FY 19CY-2</u>	(e) <u>FY 19CY-1</u>	(f) <u>FY 19CY</u>
1. Aircraft					
A. Combat					
B. Airlift					
C. Other Aircraft					
D. Aircraft Support Principal End Items					
2. Ships					
A. Submarines					
B. Aircraft Carriers					
C. Surface Combatants					
D. Amphibious Warfare Ships					
E. Mine Warfare Ships					
F. Support Ships					
G. Other Ships					
H. Ship Support Principal End Items					
3. Missiles					
A. Ballistic Missiles					
B. Other Missiles					
C. Missile Support Principal End Items					
4. Combat Vehicles					
A. Tanks					
B. Other Tracked Combat Vehicles					
C. Other Combat Vehicles					
D. Combat Vehicle Support Principal End Items					
5. Space Systems					
A. Satellites					
B. Satellite Support Principal End Items					
6. Other Weapon Systems					
A. Torpedoes					
B. Other Weapons					
C. Other Weapon Systems Support Principal End Items					
10. Mission Support PP&E ¹					
11. Weapon Systems Support Real Property ²					
<u>Notes:</u> (See paragraph 110203.B. for guidance.)					
1. Includes ordnance support equipment, vehicular equipment, electronics equipment, and communications equipment.					
2. Includes ammunition bunkers and missile silos in active use.					

Figure 11-2

1103 HERITAGE ASSETS

110301. General.

A. The DoD Components shall report the quantities, additions, deletions, and condition of Heritage Assets under their control in a Supplemental Stewardship Report titled, "Heritage Assets" (Figure 11-3).

B. Heritage Assets are property, plant, and equipment that are unique for one or more of the following reasons:

1. Historical or natural significance;
2. Cultural, educational or artistic importance; or
3. Significant architectural characteristics.

C. Heritage Assets are generally expected to be preserved indefinitely.

110302. Reporting Guidance.

A. The quantity of Multi-use Heritage Assets (i.e., Heritage Asset buildings used predominantly for government operations) shall be included in the amounts disclosed in this report regardless that the accounting treatment for Multi-use Heritage Assets is the same as for General Property, Plant, and Equipment and that their costs are reflected in the Balance Sheet.

B. Specific guidance for the preparation of the report follows.

1. Reporting Categories. Heritage Assets shall be reported by type within the two following categories:

a. Collection Type. A Collection Type of Heritage Asset is a consolidated presentation of Heritage Assets within a common theme. Quantities of collections are reported by the appropriate type within the Collection Type category, rather than by individual items within a collection. The Heritage Assets reported in this category are typically contained in DoD Component museums and, as such, have been officially determined to have historical, natural, artistic, cultural, or educational significance or importance.

b. Noncollection Type. The size and/or materiality of Noncollection Type of Heritage Assets do not lend themselves to collection basis reporting, and, therefore, shall be counted and reported individually. A determining factor that should be used to determine if asset is heritage in nature is whether it is listed in the National Register of Historic Places.

2. Column (a). Example types within the two categories (Collection Type and Noncollection Type) of Heritage Assets are provided in Figure 11-3. Do not list asset types that are not applicable. Additional asset types may be listed, as appropriate.

3. Column (b). Report the quantity of Heritage Assets by type as of the close of the prior year (or as of the first day of the reporting year). For the Noncollection Types of Battlefields, Cemeteries, Indian Tribal Burial Grounds, and Land, report the number of sites and acres. Acres should be shown in thousands of acres and be in parenthesis next to the number of sites.

4. Column (c). Report the increase in the number of Heritage Assets by type. When an increase is significant, it should be explained in narrative statement (i.e., identify whether by donation, purchase, etc.).

5. Column (d). Report the decrease in the number of Heritage Assets by type. When a decrease is significant, it should be explained in narrative statement (i.e., identify the decrease was by sale, exchange, donation, abandonment, etc.).

6. Column (e). Report the year end balance for each type.

7. Narrative Statement. The report shall include a narrative statement that provides the following:

a. Information pertaining to significant increases or decreases in the quantities of Heritage Assets, as shown in Columns (c) and (d). The information should identify or describe significant sales, exchanges, donations, etc.

b. Information pertaining to the condition of the Heritage Assets.

HERITAGE ASSETS				
For Fiscal Year Ended September 19CY				
(Quantities in Actual Amounts Except for Battlefields, Cemeteries, and Land Which Are in the Number of Sites and (Thousands of Acres))				
(a)	(b) As Of <u>10/01/CY</u>	(c) <u>Additions</u>	(d) <u>Deletions</u>	(e) As Of <u>9/30/CY</u>
<u>Collection Type</u>				
1. Documents				
2. Works of Art				
3. Military Artifacts				
4. Non-Military Artifacts				
5. Classic Weapon Systems				
6. Other				
Total Collection Type				
<u>Noncollection Type</u>				
7. Buildings				
8. Structures				
9. Monuments				
10. Battlefields				
11. Cemeteries				
12. Indian Tribal Burial Grounds				
13. Land				
14. Other				
Total Noncollection Type				
Total Heritage Assets				
<u>Narrative Statement.</u>				

Figure 11-3

1104 STEWARDSHIP LAND110401. General.

A. The DoD Components shall disclose the quantities, additions, deletions, and condition of Stewardship Land under their control in a Supplemental Stewardship Report titled, "Stewardship Land" (Figure 11-4). Specific guidance for the preparation of the report is provided below.

B. Stewardship Land is land other than that acquired for or in connection with General PP&E and, typically, does not have an identifiable cost. Land that was previously public domain land or land that was donated to the DoD shall be reported as Stewardship Land. Therefore, many of DoD's military bases, installations, and ranges are located on Stewardship

Land. A military base or installation predominantly comprised of Stewardship Land may also include General PP&E land, when such land was subsequently purchased, such as from individuals, local communities, or a State. Such amounts of General PP&E land shall not be reported in the Supplemental Stewardship Report; rather, the cost of such land should be reported on the Balance Sheet.

C. Some Stewardship Land may have a dual identity, as both Stewardship Land and a Heritage Asset (i.e., a battlefield or cemetery), and should be reported in both Supplemental Stewardship Reports. Guidance for reporting Heritage Assets is provided at paragraph 1103, above.

110402. Stewardship Land Supplemental Report. Specific guidance for the preparation of the Stewardship Land Supplemental Report follows.

A. Column (a). Report the number of acres of Stewardship Land based on the predominant use of the land. The reporting categories of predominant use are defined as follows:

1. Mission. Stewardship Land used as military bases, installations, training ranges, or other military mission related functions shall be reported as mission.
2. Freestanding. Stewardship Land owned by a DoD Component that is not part of a base or installation and that does not support any military mission related activities.
3. Heritage. Stewardship Land that also is reported as a Heritage Asset (i.e., battlefield, cemetery, Indian tribal burial ground).
4. Other. Stewardship Land that conforms to the definition of Stewardship Land, but does not conform to the foregoing categorizations.

B. Column (b). Report the number of acres for each category as of the close of the prior year (or as of the first day of the beginning of the reporting year).

C. Columns (c) and (d). Report any changes during the reporting year. Report acreage increases in Column (c) and decreases in Column (d).

D. Column (e). Report the total acreage by category as of the end of the reporting year.

E. Narrative Statement. The report shall include a narrative statement that provides the following:

1. Information pertaining to significant increases or decreases in the acreage of Stewardship Land, as shown in Columns (c) and (d). The information should identify or describe significant sales, exchanges, donations, etc.

2. Information pertaining to the condition of the Stewardship Land.

STEWARDSHIP LAND				
For Fiscal Year Ended September 30, 19CY				
(Acres in Thousands)				
(a)	(b)	(c)	(d)	(e)
Land Use	As Of			As Of
	10/01/CY	Additions	Deletions	09/30/CY
1. Mission				
2. Freestanding				
3. Heritage				
4. Other				
Totals				
<u>Narrative Statement.</u>				

Figure 11-4

1105 NONFEDERAL PHYSICAL PROPERTY

110501. General. The DoD Components shall disclose in a Supplemental Stewardship Report the expenses included in calculating the net cost of investments in Nonfederal Physical Property Programs. The dollar amount of those investments shall be disclosed for the reporting year (current year) and the preceding four years. Additional years' data also may be reported if such data would provide a better indication of the nature of the investment.

110502. Definition. Investment in Nonfederal Physical Property refers to those expenses incurred by the Department of Defense for the purchase, the construction, or the major renovation of physical property owned by State and Local Governments, including major additions, alterations and replacements; the purchase of major equipment; and the purchase or improvement of other physical assets. Grants for maintenance and operations are not considered investments.

110503. Measurement.

A. The financial investment shall be measured on the same basis of accounting as used for financial statement purposes, including appropriate accrual adjustments, general and administrative overhead, and costs of facilities. Amounts shall be reported in nominal dollars.

B. Cash grants related to Nonfederal Physical Property Programs are recognized and reported as expenses in arriving at the net cost of operations.

C. Expenses incurred for program costs, contracts, or grants with split purposes shall be reported on the basis of an allocation of the expenses. If allocation is not feasible, the investment shall be reported on the basis of the predominant application of the expense or transfer. An example of an investment with a split purpose is a grant issued to a State Government to construct an Armory and to conduct military construction safety research.

110504. Minimum Reporting.

A. The annual investment shall be reported, including a description of federally-owned physical property transferred to State and Local Governments. Annual investment includes more than the annual expenditure reported by character class for budget execution. Annual investment is the full cost of the investment. This information will be provided for the current year, as well as for each of the four years preceding that year. If data for additional years would provide a better indication of the investment, reporting of the additional years' data is encouraged.

B. Reporting shall be at a meaningful category or program. The report for disclosing Nonfederal Physical Property, provided below (Figure 11-5), identifies the National Guard, Environmental Improvement, Base Closure and Realignment, and Other as the most probable categories for reporting Nonfederal Physical Property costs. Additional categories may be added to this Supplemental Stewardship Report, if the costs are significant and warrant individual disclosure.

C. In some cases, the information called for above is not available because the DoD Components have maintained records on the basis of outlays rather than expenses. For some DoD Components, to reconstruct their accounts on the basis of expense data may be impracticable. In this situation, the DoD Components shall continue to report historical data on an outlay basis for any years for which reporting is required and for which expense data are not available. If neither historical expense nor outlay data are available for each of the five years, the DoD Components shall report only expense data for the current reporting year and such other years as available.

D. Reporting shall include a description of the categories or programs involving Department of Defense investments, as well as a description of programs or policies under which non-cash assets are transferred to State and Local Governments.

110505. Nonfederal Physical Property Supplement Report. The Nonfederal Physical Property information shall be disclosed in the report format (Figure 11-5) provided below.

A. The report provides information in columnar form. The columns in the report shall provide the following information:

1. Column (a). Identify and list the appropriate categories and programs for grouping like Nonfederal Physical Property investments.

2. Columns (b), (c), (d), (e), and (f). Report the investments in State or Local Governments by fiscal year. Report the investments for the reporting year (FY CY) in Column (f). Report the investments for the appropriate fiscal years in Columns (b), (c), (d), and (e). Column (e) is the year immediately prior to the reporting year and is labeled “FY CY-1.” Column (d) is two years prior to the reporting year and is labeled “FY CY-2.” This logic continues through Columns (c) and (b), “FY CY-3” and “FY CY-4.”

3. Reported investments are not cumulative, are reported in millions of dollars, and represent only investments incurred for the year shown in the appropriate Columns (b), (c), (d), (e), and (f).

4. Narrative Statement. A narrative statement shall be included in the report and shall contain a description of the categories and programs, including a description of programs or policies under which non-cash assets are transferred to State and Local Governments.

NONFEDERAL PHYSICAL PROPERTY Yearly Investment in State and Local Governments For Fiscal Years (Preceding 4th Fiscal Year) through FY 19CY (In Millions of Dollars)					
(a) <u>Categories</u>	(b) <u>FY CY-4</u>	(c) <u>FY CY-3</u>	(d) <u>FY CY-2</u>	(e) <u>FY CY-1</u>	(f) <u>FY CY</u>
1. National Defense Mission Related					
2. Environmental Improvement					
3. Base Closure and Realignment					
4. Other					
Total					
Narrative Statement:					

Figure 11-5